

THE FULCRUM PUBLISHING SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2013

Independent Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Fulcrum Publishing Society

We have audited the accompanying financial statements of The Fulcrum Publishing Society which comprise the statement of financial position as at April 30, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Fulcrum Publishing Society as at April 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CONNELLY & KOSHY
PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

Comparative Information

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that The Fulcrum Publishing Society adopted Canadian accounting standards for not-for-profit organizations on May 1, 2012 with a transition date of May 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2012 and May 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended April 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Connelly & Koshy, CA, Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
September 18, 2013

**THE FULCRUM PUBLISHING SOCIETY
(A Not for Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2013

	2013 \$	2012 \$	May 1, 2011 \$
ASSETS			
CURRENT			
Cash	237,418	215,721	140,976
Short term investments (Note 2g)	20,995	20,781	35,819
Accounts receivable (Note 4)	35,038	46,376	78,179
Prepaid expenses (Note 5)	<u>638</u>	<u>577</u>	<u>641</u>
	<u>294,089</u>	<u>283,455</u>	<u>255,615</u>
NON-CURRENT			
Equipment (Note 2e and 6)	14,436	19,205	20,129
Goodwill (Note 2f)	<u>1</u>	<u>1</u>	<u>1</u>
	<u>14,437</u>	<u>19,206</u>	<u>20,130</u>
TOTAL ASSETS	<u>308,526</u>	<u>302,661</u>	<u>275,745</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable and accrued liabilities (Note 7)	<u>11,447</u>	<u>18,185</u>	<u>8,131</u>
NET ASSETS			
Net assets invested in capital assets	14,436	19,205	20,129
Unrestricted net assets	<u>282,643</u>	<u>265,271</u>	<u>247,485</u>
	<u>297,079</u>	<u>284,476</u>	<u>267,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u>308,526</u>	<u>302,661</u>	<u>275,745</u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2013

	2013	2012
	\$	\$
REVENUE		
Fundraising	10,712	17,419
Local advertising	121,544	106,246
National advertising	9,937	26,565
Student levy - SFUO	194,569	181,225
Student levy - GSAED	11,433	10,314
ORCUP revenue	1,050	2,810
Other revenue	630	465
	<u>349,875</u>	<u>345,044</u>
EXPENSES		
Advertising and promotion	838	1,624
Amortization - capital assets	6,091	6,584
Bad debts	160	1,260
Bank charges, interest and credit card charges	1,704	1,380
Insurance	1,302	1,551
Office supplies	4,271	8,633
Printing	85,235	88,196
Professional and membership dues	4,912	5,535
Professional fees	5,175	1,381
ORCUP conference expense	0	3,240
Salaries and employee benefits	211,289	174,550
Telecommunications	2,315	5,281
Training	76	519
Travel and conferences	14,160	28,675
	<u>337,528</u>	<u>328,409</u>
EXCESS REVENUES OVER EXPENSES	12,347	16,635
OTHER INCOME		
Interest income	<u>256</u>	<u>227</u>
EXCESS REVENUES OVER EXPENSES	<u>12,603</u>	<u>16,862</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2013

	Unrestricted \$	Invested in Capital Assets \$	Total 2013 \$	Total 2012 \$
NET ASSETS , beginning of the year	265,271	19,205	284,476	267,614
Excess of revenues over expenditures for the year	18,694	(6,091)	12,603	16,862
Net acquisitions of equipment	<u>(1,322)</u>	<u>1,322</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of the year	<u>282,643</u>	<u>14,436</u>	<u>297,079</u>	<u>284,476</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2013

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	12,603	16,862
Add: amortization	<u>6,091</u>	<u>6,584</u>
	18,694	23,446
Net change in accounts receivable	11,338	31,802
Net change in prepaid expenses	(61)	63
Net change in accounts payable and accrued liabilities	<u>(6,738)</u>	<u>10,056</u>
	<u>23,233</u>	<u>65,367</u>
INVESTING ACTIVITIES		
Acquisition of equipment	<u>(1,322)</u>	<u>(5,660)</u>
CHANGE IN CASH AND EQUIVALENTS	21,911	59,707
CASH AND EQUIVALENTS, beginning of year	<u>236,502</u>	<u>176,795</u>
CASH AND EQUIVALENTS, end of year	<u>258,413</u>	<u>236,502</u>
REPRESENTED BY:		
Cash	237,418	215,721
Term deposits	<u>20,995</u>	<u>20,781</u>
	<u>258,413</u>	<u>236,502</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2013

1. NATURE OF THE ORGANIZATION

The Fulcrum Publishing Society, a not-for-profit organization, was incorporated without share capital by Letters Patent under the laws of Ontario on October 19, 2004 and is exempt from income taxes. The organizations mandate is to:

- promote the interest and welfare of the students of the University of Ottawa through editorial stance by reporting accurately, fairly, and honestly on timely issues and events originating from the University of Ottawa campus;
- cover issues and angles not present in the mainstream media from its perspective as a member of the alternate press;
- serve as an education device and as a forum for differing points of view and world scopes; and,
- do all such other things for the attainment of the above-noted objects.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

b) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(See attached Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Contributed services

The majority of the hours that volunteers contributed over the year to assist the society in carrying out its activities are not recognized in these financial statements because the fair value cannot be reasonably estimated.

e) Equipment

Equipment is accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

	Methods	Rates
Office furniture and equipment	Declining balance	20%
Computer hardware	Declining balance	55%

Additions are amortized at one-half of the above rate in the year of acquisition.

f) Goodwill

The goodwill arose from the purchase of the existing statutory and other property rights and interests relating to the 'Campus Newspaper' by the Society from The Student Federation of the University of Ottawa (SFUO).

g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, prepaid expenses, accounts receivable and short term investments.

Financial liabilities measured at amortized cost include accounts payable.

(See attached Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2013

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended April 30, 2012 or on net assets as at May 1, 2011, the date of transition.

4. ACCOUNTS RECEIVABLE

	2013	2012
	\$	\$
Trade	29,632	28,560
Allowance for doubtful accounts	<u>(2,000)</u>	<u>(2,000)</u>
	27,632	26,560
Campus Plus	1,806	14,282
GSAED student levy	<u>5,600</u>	<u>5,534</u>
	<u><u>35,038</u></u>	<u><u>46,376</u></u>

5. PREPAID EXPENSES

The prepaid expenses relate to prepaid insurance premiums.

6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2013	Net Book Value 2012
	\$	\$	\$	\$
Office furniture and equipment	19,157	(13,908)	5,249	6,566
Computer hardware	<u>44,820</u>	<u>(35,633)</u>	<u>9,187</u>	<u>12,637</u>
	<u><u>63,977</u></u>	<u><u>(49,541)</u></u>	<u><u>14,436</u></u>	<u><u>19,205</u></u>

7. ACCOUNTS PAYABLE

	2013	2012
	\$	\$
Trade and accrued liabilities	1,120	6,894
Payroll liabilities - current	549	3,582
HST - current	<u>9,778</u>	<u>7,710</u>
	<u><u>11,447</u></u>	<u><u>18,185</u></u>

(See attached Independent Auditor's Report)

THE FULCRUM PUBLISHING SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2013

8. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date, April 30, 2013.

Credit risk

The society provides credit to its customers in the normal course of its operations. It maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The society does not normally require a guarantor. For the other debts, the society determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value. There is no significant source of credit risk.

Interest rate risk

The society is exposed to interest rate risk on its fixed interest rate financial instruments. These financial instruments subject the society to fair value risk. Due to their short term maturity values, there is no significant interest rate risk.

Currency risk

The society has no foreign currency transactions and is therefore not subject to currency risk.

Market risk

There is no significant market risk.

9. COMMITMENTS

The Organization has entered into an advertising agreement with Free Media Inc. this agreement is dated April 1, 2013 and is for one year. This agreement gives Free Media Inc. the rights as the national advertiser for the Fulcrum Publishing Society. This agreement replaces Campus Plus as the sole provider of National Advertising Revenue.

10. ECONOMIC DEPENDENCE

Since the Society's business with the Student Federation of the University of Ottawa (SFUO) is so significant the society is deemed to be economically dependent on the SFUO. The organization receives 2 annual payments from the SFUO that are allocated from the university student tuition fees. These amounts represent approximately 50% of revenues and for this reason the organization is dependent on SFUO and the revenues received.

(See attached Independent Auditor's Report)